Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-11 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 PRS-01

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E.O.11652: GDS

TAGS: MARR, ETRD, MTN, SP SUBJECT: SPAIN AND GSP

REF: MADRID 8735

1. DURING EMBASSY NEGOTIATIONS WITH ROVIRA AND BASSOLS ON SUPPLEMENTAL AGREEMENT ON ECONOMIC COOPERATION, SPANISH POSITION WITH REGARD TO GSP WAS DISCUSSED AT SOME LENGTH. BASSOLS REVIEWED ENTIRE HISTORY OF U.S. SPANISH CONSULTATIONS ON GSP, REPEATING WELL-KNOW SPANISH VIEW THAT GOS HAS MADE IMPORTANT CONCESSIONS BY AGREEING TO REDUCE MFN DUTIES ON 38 TARIFF ITEMS AND THAT MARGIN OF PREFERENCE TO EEC ON REMAINING 24 TARIFF ITEMS SHOULD NOT BE CONSIDERED AS HAVING A SIGNIFICANT EFFECT ON U.S. COMMERCE SINCE VALUE OF U.S. SLAES TO SPAIN ON THOSE ITEMS REPRESENTS LESS THAN 2 PERCENT OF TOTAL U.S. EXPORTS TO SPAIN. BASSOLS SAID GOS HAS DECIDED THAT, GIVEN PRESENT DIFFICULT ECONOMIC SITUATION, IT CANNOT CONFIDENTIAL

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REDUCE MFN DUTIES ON REMAINING 24 TARIFF ITEMS, AND THAT

IT CANNOT AT THIS TIME APPROACH EEC TO REQUEST MODIFICATION OF PROVISIONS OF 1970 TRADE AGREEMENT. GOS HAS CONCLUDED, THERFORE, THAT IT CANNOT AGREE TO ADDITIONAL MEASURES SUGGESTED BY U.S. IN ORDER TO QUALIFY AS GSP BENEFICIARY AT THIS TIME.

2. NEVERTHELESS, GOS WANTS SOME REFERENCE TO ONGOING CONSULTATIONS ON GSP IN TEXT OF SUPPLEMENTAL AGREEMENT ON ECONOMIC COOPERATION EVEN THOUGH IT RECOGNIZES THAT SUCH REFERENCE FOES NOT IMPLY THAT SPAIN WILL BE ABLE TO MEET REQUIREMENTS OF U.S. LAW AND QUALIFY FOR GSP.

3. ROVIRA AGREED THAT U.S. SPANISH ECONOMIC RELATIONS ARE, IN REALITY, GOVERNED BY OUR RESPECTIVE LAWS AND BY VARIOUS MULTILATERAL AGREEMENTS TO WHICH BOTH COUNTRIES ARE SIGNATORY. CONSEQUENTLY, IT WOULD BE FUTILE AND IN-APPROPRIATE TO ATTEMPT TO RESOLVE OR EFFECT SPECIFIC ECONOMIC ISSUES SUCH AS GSP BY LANGUAGE OF MORE GENERAL EGREEMENT ON ECONOMIC COOPERATION.

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